

Financial Statements  
and Supplemental Information

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

*Year ended June 30, 2006  
with Report of Independent Auditors*

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Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Basic Financial Statements,  
Required Supplemental Information  
and Other Supplemental Information

Year ended June 30, 2006

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**ANDREWS HOOPER & PAVLIK P.L.C.**  
Certified Public Accountants

Report of Independent Auditors

Board of Education  
Owendale-Gagetown Area School District  
Owendale and Gagetown, Michigan

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Owendale-Gagetown Area School District (District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Owendale-Gagetown Area School District as of June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2006 on our consideration of Owendale-Gagetown Area School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis (MD&A) and budgetary comparison schedule on pages 3 through 9 and page 30 are not a required part of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Owendale-Gagetown Area School District's basic financial statements. The combining and individual nonmajor fund financial statements on pages 31 through 46 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Andrews Hopper & Pavlik P.L.C.*

Bay City, Michigan  
August 10, 2006

***Owendale-Gagetown Area School District  
Management's Discussion and Analysis***

This section of Owendale-Gagetown Area School District's (District) annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2006. This section should be read in conjunction with the District's financial statements.

**The Annual Report**

Governmental Accounting Standards Board Statement No. 34 (GASB 34) requires the reporting of two types of financial statements: District-Wide Financial Statements and Fund Financial Statements.

**Government -Wide Financial Statements**

The Statement of Net Assets is a district-wide financial statement. It includes all assets and liabilities of the District. This includes noncurrent assets and long-term liabilities. The noncurrent assets include all capital assets over the District's capital asset threshold of \$500. Capital assets are stated at cost less related accumulated depreciation. The long-term liabilities include the 1999 debt, unused sick time and early retirement incentives outstanding at year end.

The Statement of Activities is also a district-wide financial statement. It includes all expenses and revenues of the District. The expenses are categorized by function. Any categorical funds or charges for services are allocated to the expense function to which they relate. For instance, any Title I funds received for instructional services were allocated to the instruction function on the Statement of Activities. Any revenue not attributable to a function is added to the net (expense) revenue subtotal. The basis of the Statement of Activities is full accrual, which includes the accrual of interest expense.

**Fund Financial Statements**

The fund financial statements are comparable to prior years' financial statements. The primary difference is that the general fixed asset group of accounts and the general long term debt are no longer reported. In addition, the fund statements are presented by major fund instead of fund type. To qualify as a major fund, the total assets, liabilities, revenues, or expenses of that individual governmental fund must be at least 10% of the corresponding total of all governmental funds combined. The District may report any other governmental fund as a major fund if it believes that the fund is important to the users of its financial statements.

All funds that are not reported as major are considered nonmajor funds. These funds are aggregated and presented in a single column.

The fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual. The revenues must be measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities in the current period.

***Owendale-Gagetown Area School District  
Management's Discussion and Analysis (continued)***

**Fund Financial Statements (continued)**

In fund financial statements, capital assets purchased by cash are reported as expenditures in the year of acquisition. No capital assets are reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long term obligations are recorded as expenditures. No liability is recorded for the unpaid portion of debt.

**Reporting of the District's Fiduciary Responsibilities**

The District has a fiduciary responsibility to its student activity and trust funds. The fiduciary activities are reported in separate statements of fiduciary net assets. The activity of the fiduciary activities is excluded from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**Summary of Net Assets**

The following summarizes the net assets for the fiscal years ended June 30, 2006 and 2005.

	<b>Governmental Activities</b>	
	<b>2006</b>	<b>2005</b>
Assets:		
Current assets	<b>\$ 805,940</b>	\$1,039,681
Noncurrent assets, net of related depreciation	<b>434,842</b>	512,098
Total assets	<b>1,240,782</b>	1,551,779
Liabilities:		
Current liabilities	<b>497,942</b>	684,426
Noncurrent liabilities	<b>33,869</b>	157,745
Total liabilities	<b>531,811</b>	842,171
Net Assets:		
Invested in capital assets, net of related debt	<b>359,842</b>	247,098
Restricted for debt service	<b>62,218</b>	181,207
Unrestricted	<b>286,911</b>	281,303
Total net assets	<b>\$ 708,971</b>	\$ 709,608

**Owendale-Gagetown Area School District  
Management's Discussion and Analysis (continued)**

**Summary of Net Assets (continued)**

The Statement of Net Assets includes \$1,967,830 in cost basis capital assets at June 30, 2006 compared to \$2,149,007 in cost basis capital assets at June 30, 2005. The capital assets are classified as noncurrent assets as they are not liquid in nature. The liabilities include \$613 in accrued interest on long term debt and \$122,433 in long-term debt and compensated absences for the year ended June 30, 2006 compared to \$1,346 in accrued interest and \$365,227 in long-term debt and compensated absences for the year ended June 30, 2005. Of this long-term debt, \$88,564 is to be paid in the 2006-2007 year and is classified as current on the Statement of Net Assets. The District, at June 30, 2006, has a note payable of \$259,000 payable to the Michigan Department of Treasury due in August 2006. The District had total net assets of \$708,971 and \$709,608 at June 30, 2006 and 2005, respectively, which is a decrease of approximately .09%. Approximately 50.8% of the total net assets are invested in capital assets, net of related debt. In addition, another 8.8% is restricted for debt service. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the District's ability to use those net assets for day-to-day operations.

The \$286,911 in unrestricted net assets of governmental activities at June 30, 2006 represents the accumulated results of past years' operations as a whole; the District had \$281,303 in unrestricted net assets at June 30, 2005. This represents an increase of 2.0%. The operating results of the General Fund will have a significant impact on the changes in unrestricted net assets from year to year.

**Summary of Statement of Activities**

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The following summarizes the statement of activities for the fiscal years ending June 30, 2006 and 2005:

	<b>Governmental Activities</b>	
	<b>2006</b>	<b>2005</b>
Revenues:		
Program revenue:		
Charges for services	\$ 49,780	\$ 45,217
Operating grants	148,041	182,829
General revenue:		
Property taxes	273,019	245,708
State aid, unrestricted	1,495,718	1,587,911
Interest and investment earnings	15,565	9,774
Other	98,135	39,820
Total revenue	2,080,258	2,111,259

**Owendale-Gagetown Area School District  
Management's Discussion and Analysis (continued)**

**Summary of Statement of Activities (continued)**

Function/Program Expenses:	<b>2006</b>	<b>2005</b>
Instruction	<b>\$ 1,237,811</b>	1,324,473
Supporting services	<b>642,671</b>	\$ 709,830
Food services	<b>99,983</b>	83,406
Athletics	<b>79,519</b>	73,360
Other services	-	1,394
Interest on long-term debt	<b>10,351</b>	14,405
Depreciation (unallocated)	<b>10,560</b>	17,437
Total expenses	<b>2,080,895</b>	2,224,305
Change in net assets	<b>\$ (637)</b>	\$ (113,046)

Approximately 59.5% of the expenses are instructional in nature. This includes teaching expenses such as salaries, benefits and supplies. This does not include any capital outlay expenses such as computers or technology as these transactions are recorded in the Statement of Net Assets as noncurrent assets.

Approximately 30.9% of the expenses are related to supporting services. This includes transportation, operation and maintenance, counseling expenses, board of education expenses, and other supporting services.

The remaining 9.6% of the expenses consists of food services, athletics, community services (i.e. public library), interest on long-term debt, and unallocated depreciation.

As reported in the Statement of Activities, the cost of our governmental activities for the year ended June 30, 2006 was \$2,080,895 compared to \$2,224,305 for the year ended June 30, 2005, which is a decrease of 6.4%. Certain activities were partially funded from those who benefited from the programs through charges for services. This amounted to \$49,780 and consists of athletic receipts, revenues derived from the school meal program, School Board revenues and principal revenues. Other activities were partially funded by other governments and organizations that subsidized certain programs with grants and categorical funds. This amounted to \$148,041 and consisted primarily of federal funds used for a specific function. The remaining revenue of \$1,882,437 was funded by property taxes, unrestricted state aid, interest income, and other revenues.

For the year ended June 30, 2006, the District experienced a \$637 decrease in net assets as a whole as compared to a decrease of \$113,046 for the year ended June 30, 2005. The decrease in net assets differs from the change in fund balance. A reconciliation between the Statement of Activities and the Statement of Revenues, Expenditures and Changes in Fund Balance is included in the financial statements. The reduction in the decrease in net assets is primarily a result of expenditure reductions and the sale of a building owned by the school during the year.



***Owendale-Gagetown Area School District  
Management's Discussion and Analysis (continued)***

**Analysis of the District's Governmental Fund Statements**

The District uses funds to help control and manage money for particular purposes. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures on the modified accrual basis of accounting. Government resources are allocated to, and accounted for, in the individual funds based upon the purpose for which they are to be spent. For instance, the General Fund is used to record the general operations of the District, pertaining to education and the supporting services that are necessary to provide educational services to the public. However, the debt service funds are used to account for money related to taxes collected specifically for paying the District's debt and interest.

In the General Fund, the District experienced a \$61,728 decrease in fund balance for the year ended June 30, 2006 compared to a decrease of \$113,367 for the year ended June 30, 2005. The decrease in fund balance is due largely to a decrease in state aid revenue during the year as a result of a decline in the number of students attending the District. Overall, total expenditures were within .61% of the final budgeted amounts. Total revenues were .35% higher than anticipated.

The Special Revenue Fund had a increase in fund balance of \$14,885 for the year ended June 30, 2006 compared to a decrease of \$14,076 for the year ended June 30, 2005.

The District accumulates sufficient resources to pay annual bond issue-related debt service. The fund balance of the Debt Service Fund is reserved to finance the debt service obligations of the District. The General Fund transferred \$15,374 to the debt fund in order to help service debt.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised its budget as it attempted to deal with changes in revenues and expenditures. Public Act 621 of 1978, Section 18(1) requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided as required supplemental information in these financial statements. Changes in the general fund original budget were as follows:

- Budgeted revenues were increased by \$144,383 as result of the expected sale of a building owned by the District, increase in interest income, and an increase in property taxes received. In addition, it was anticipated that state aid would exceed original budgeted amounts by approximately \$48,097. However, federal grants were anticipated to decrease by approximately \$26,924 from original budgeted amounts.
- Budgeted expenditures were decreased by \$73,977. No significant changes occurred between the preliminary budgeted amounts and the amended budgeted amounts.

**Owendale-Gagetown Area School District**  
**Management's Discussion and Analysis (continued)**

**General Fund Budgetary Highlights (continued)**

- Actual revenues were .35% higher than budgeted under the final budget. This was due largely to local sources being higher than anticipated and an increase in interest income and increase property tax revenue.
- Actual expenditures were .61% less than budgeted under the final budget.

**Capital Assets and Debt Administration**

**Capital Assets**

Under GASB 34, the District is required to classify capital assets over the District's capitalization threshold of \$500 as noncurrent assets and record the respective depreciation on the assets. At June 30, 2006, the District had \$1,967,830 invested in capital assets compared to \$2,149,007 for the year ended June 30, 2005. The amount represents a net decrease (additions less deletions) of approximately \$181,177 from last year.

	<u>2006</u>	<u>2005</u>
Land and improvements	\$ 158,989	\$ 158,989
Buildings and improvements	1,120,026	1,276,586
Vehicles and buses	218,772	208,166
Furniture and equipment	470,043	505,266
Total capital assets	<u>1,967,830</u>	<u>2,149,007</u>
Less: accumulated depreciation	<u>(1,532,988)</u>	<u>(1,636,909)</u>
Capital assets, net	<u>\$ 434,842</u>	<u>\$ 512,098</u>

The year's additions of \$26,476 consisted primarily of bus and transportation vehicles.

**Debt**

At the end of this year, the District had \$75,000 in bonds outstanding versus \$265,000 in the previous year. These bonds consist of the following:

	<u>2006</u>	<u>2005</u>
1976 Bonded Debt	-	\$100,000
1999 Bonded Debt	\$75,000	150,000
1996 Energy Improvement	-	15,000
Total debt	<u>\$75,000</u>	<u>\$265,000</u>

***Owendale-Gagetown Area School District  
Management's Discussion and Analysis (continued)***

**Economic Factors and Forecasts**

Our elected officials and administration consider many factors when determining the District's fiscal year budget. One of the most important factors affecting our budget is student counts. State aid is calculated on a blended September and February student count. The calculation uses 75% of the current year's fall count and 25% of the prior year's winter count. Therefore, the majority of our revenue is dependent on the Fall count. Since this factor is not known during May when we derive the fiscal year budget, this can cause major adjustments to our financial transactions. State aid accounts for approximately 77.2% of our total General Fund revenue. A drastic decrease in the winter count can have a negative impact on our total revenue. Our foundation allowance for the fiscal year ending June 30, 2007 will be maintained at the same level as the year ended June 30, 2006. This amount will be reevaluated by the state legislature during the year. Current economic conditions at the state level indicate that there may be a need to reassess this amount. A decline in enrollment for the September 2006 count will cause a decrease in our overall revenue as compared to the fiscal year ending June 30, 2006. Preliminary counts indicate a slight decline in the 2006 fall count as compared to the previous year.

We have received confirmation from the Michigan Department of Education that our federal revenue has been reduced for the fiscal year ending June 30, 2007 due to lower census poverty levels in our area.

Other factors, such as an increase in benefits are causing major constraints on our spending power. The health insurance premiums alone have increased significantly for the fiscal year ending June 30, 2007.

The Michigan School Business Official Organization (MSBO) recommends that a district maintain approximately 3 months of current expenditures in the fund balance of the General Fund. The District has slightly greater than 2 months of operations in the General Fund. This amount is below the minimum recommended by MSBO.

The District's 2007 budget indicates that fund equity will be used during the 2007 fiscal year to maintain current operations.

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Government - Wide Statement of Net Assets

June 30, 2006

	<b>Assets</b>	<b>Governmental Activities</b>
<b>Current assets</b>		
Cash and cash equivalents		\$ 523,219
Receivables:		
Due from other governmental units		272,809
Due from agency		8,172
Inventory		1,740
Total current assets		<u>805,940</u>
<b>Noncurrent assets</b>		
Capital assets		1,967,830
Less: accumulated depreciation		<u>(1,532,988)</u>
Total noncurrent assets		434,842
Total assets		<u>1,240,782</u>
	<b>Liabilities and net assets</b>	
<b>Current liabilities</b>		
Accounts payable		3,804
Accrued salaries and benefits		114,997
Insurance payable		23,422
Accrued interest		8,155
Note payable		259,000
Bonds payable, due within one year		75,000
Compensated absences and early retirement incentives, due within one year		<u>13,564</u>
Total current liabilities		497,942
<b>Noncurrent liabilities</b>		
Compensated absences and early retirement incentives		<u>33,869</u>
Total liabilities		<u>531,811</u>
<b>Net assets</b>		
Invested in capital assets, net of related debt		359,842
Restricted for debt service		62,218
Unrestricted		286,911
Total net assets		<u>\$ 708,971</u>

See accompanying notes.

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Government - Wide Statement of Activities

Year ended June 30, 2006

Functions/Programs	Expenses	Program Revenues		Governmental
		Charges for Services	Operating Grants	Activities
				Net (Expense) Revenue and Change in Net Assets
Governmental Activities				
Instruction	\$ 1,237,811	\$ -	\$ 90,864	\$ (1,146,947)
Supporting services	642,671	-	-	(642,671)
Food services	99,983	28,995	57,177	(13,811)
Athletics	79,519	20,785	-	(58,734)
Interest on long-term debt	10,351	-	-	(10,351)
Depreciation (unallocated)	10,560	-	-	(10,560)
Total governmental activities	\$ 2,080,895	\$ 49,780	\$ 148,041	(1,883,074)
General revenues:				
Taxes:				
Property taxes, levied for general operations				190,131
Property taxes, levied for debt service				82,888
State of Michigan aid				1,495,718
Interest and investment earnings				15,565
Other				98,135
Total general revenues				1,882,437
Change in net assets				(637)
Net assets:				
Beginning of year				709,608
End of year				\$ 708,971

See accompanying notes.

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Balance Sheet  
Governmental Funds

June 30, 2006

	General	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 458,891	\$ 64,328	\$ 523,219
Receivables:			
Due from other governmental units	272,809	-	272,809
Due from other funds	5,335	-	5,335
Due from agency	-	8,172	8,172
Inventory	-	1,740	1,740
Total assets	<u>\$ 737,035</u>	<u>\$ 74,240</u>	<u>\$ 811,275</u>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 3,804	\$ -	\$ 3,804
Accrued salaries and benefits	114,997	-	114,997
State Aid Note	259,000	-	259,000
Interest payable	7,542	-	7,542
Insurance payable	23,422	-	23,422
Due to other funds	-	4,259	4,259
Total liabilities	<u>408,765</u>	<u>4,259</u>	<u>413,024</u>
<b>Fund balances</b>			
Reserved for debt service	-	62,218	62,218
Unreserved, food services	-	(409)	(409)
Unreserved, athletics	-	8,172	8,172
Unreserved	328,270	-	328,270
Total fund balances	<u>328,270</u>	<u>69,981</u>	<u>398,251</u>
Total liabilities and fund balances	<u>\$ 737,035</u>	<u>\$ 74,240</u>	<u>\$ 811,275</u>
Total governmental fund balances			\$ 398,251
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources, and are not reported in the funds.			
The cost of the capital assets is:		\$ 1,967,830	
Accumulated depreciation is:		<u>(1,532,988)</u>	434,842
Long-term liabilities are due in future periods and are not reported in the funds			
Bonds payable			(75,000)
Compensated absences and early retirement incentives			(48,509)
Accrued interest on long term debt is not included as a liability in government funds			<u>(613)</u>
Net assets of government activities			<u>\$ 708,971</u>

See accompanying notes.

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2006

	General	Other Nonmajor Governmental Funds	Total
<b>Revenues</b>			
Local sources	\$ 266,462	\$ 132,975	\$ 399,437
Intermediate sources	8,915	-	8,915
State sources	1,495,718	2,904	1,498,622
Federal sources	90,864	57,177	148,041
Total revenues	1,861,959	193,056	2,055,015
<b>Expenditures</b>			
Instructional	1,253,276	-	1,253,276
Supporting services	656,678	-	656,678
Food service	-	99,454	99,454
Athletics	-	73,758	73,758
Debt service	-	201,084	201,084
Total expenditures	1,909,954	374,296	2,284,250
Deficiency of revenues over expenditures	(47,995)	(181,240)	(229,235)
<b>Other financing sources (uses)</b>			
Safe and drug free schools grant	1,047	-	1,047
Proceeds from sale of building	74,371	-	74,371
Operating transfers in (out)	(89,151)	77,136	(12,015)
Total other financing sources (uses)	(13,733)	77,136	63,403
Deficiency of revenues and other financing sources over expenditures and other financing uses	(61,728)	(104,104)	(165,832)
Fund balances at beginning of year	389,998	174,085	564,083
Fund balances at end of year	\$ 328,270	\$ 69,981	\$ 398,251

See accompanying notes.

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities

Year ended June 30, 2006

**Net Change in Fund Balances - Total Governmental Funds** **\$ (165,832)**

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. In the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation.

Depreciation expenses	\$ (65,572)	
Capital outlay	<u>26,476</u>	(39,096)

Loss on disposal of fixed assets is reported as an expenditure in the Statement of Activities whereas proceeds received is included as income in the fund statements. (38,160)

Decrease in accrued interest is reported as a reduction of expenditures in the Statement of Activities. 733

Repayments of bond principal is an expenditure in the governmental funds, but not in the Statement of Activities (where it reduces long-term debt). 190,000

Decreases in compensated absences and retirement incentives are reported as a reduction of expenditures in the Statement of Activities. 51,718

**Net Change in Net Assets - Government-Wide Statement of Activities** **\$ (637)**

*See accompanying notes.*



Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Agency Funds  
Statements of Fiduciary Net Assets

June 30, 2006  
(with comparative totals for June 30, 2005)

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Cash in bank - commercial account	<u>\$ 40,022</u>	<u>\$ 25,723</u>
<b>Liabilities</b>		
Due to student groups	\$ 31,850	\$ 21,999
Due to athletic fund	<u>8,172</u>	<u>3,724</u>
	<u>\$ 40,022</u>	<u>\$ 25,723</u>

*See accompanying notes.*

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Notes to Financial Statements

June 30, 2006

**1. Summary of Significant Accounting Policies**

The financial statements of Owendale-Gagetown Area School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

The District follows GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Some of the provisions of the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.
- Financial statements prepared using full accrual basis of accounting for all the District's activities.
- A change in the fund financial statements to focus on major funds.

**A. Reporting Entity**

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America, the specific standards applied were GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*.

Based upon the application of these criteria, the financial statements of the Owendale-Gagetown Area School District contain all the funds controlled by the District's Board of Education as no other entity meets the criteria to be considered a blended component unit or a discretely presented component unit of the District nor is the District a component unit of another entity.

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Notes to Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

**B. Basic Financial Statements – Government-Wide Statements**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

In the government-wide Statement of Net Assets, the governmental column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.).

In creating the government-wide financial statements the District has eliminated inter-fund transactions.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

**C. Basic Financial Statements – Fund Financial Statements**

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund balance, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Notes to Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

**C. Basic Financial Statements – Fund Financial Statements (continued)**

The following fund types are used by the District:

**Governmental Funds:**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net assets. The following is a description of the governmental funds of the District:

- A. General Fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- B. Special Revenue Funds** consist of the Food Service and Athletic Funds and are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Food Service Fund had a deficit balance of \$409 at June 30, 2006.
- C. Debt Service Funds** are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

**Fiduciary Funds:**

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement.

Nonexpendable trust funds are accounted for utilizing the accrual method of accounting. Nonexpendable trust funds account for assets of which the principal may not be spent. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the District holds for others in an agency capacity (primarily student activities).

The District's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide statements.

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Notes to Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

**D. Measurement Focus and Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**Full Accrual**

Both governmental and business-type activities in the government-wide financial statements and fiduciary fund financial statements are presented on the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**Modified Accrual**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**State Foundation Revenue**

The State of Michigan has adopted a foundation grant approach, which provides for a specific annual amount of revenue per student based on a statewide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2006, the foundation allowance was based on a weighted average of pupil membership counts taken in February and September of 2005. Therefore, the number of students in the District has a significant impact on the foundation allowance. The District's weighted average pupil count decreased about 6.7% from the previous year's count.

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Notes to Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

**D. Measurement Focus and Basis of Accounting (continued)**

**State Foundation Revenue (continued)**

The State portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by nonhomestead property taxes, which may be levied at a rate of up to 18 mills. The state revenue is recognized during the foundation period (currently the fiscal year) and is funded through payments from October 2005 to August 2006. Thus the unpaid portion at June 30 is reported as due from other governmental units. The local revenue is recognized as outlined under the caption Property Taxes in this note.

**State Categorical Revenue**

The District also receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs be expended for its specific purpose. Categorical funds received, which are not expended by the close of the fiscal year, are recorded as deferred revenue.

**Federal Revenue**

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

**Assets, Liabilities, and Fund Balance**

**Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. Under these standards, certain investments are valued at fair value as determined by quoted market prices or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the districts intend to hold the investment until maturity. These statements also address common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Notes to Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

**Assets, Liabilities, and Fund Balance (continued)**

**Deposits and Investments (continued)**

As an element of interest rate risk, the Statements require certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Deposit and investment policies related to the risks identified are also disclosed. The District had no investments at June 30, 2006 other than those listed in the cash and cash equivalents deposit footnote.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union that is covered by federal deposit insurance; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

**Short-Term Interfund Receivables and Payables**

During the course of operations, occasional transactions occur between individual funds. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

**Property Taxes**

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied as of December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. School district property tax revenues are recognized when levied to the extent that they result in current receivables (collected within sixty days after year end). Amounts received subsequent to August 31 are recognized as revenue when collected.

For the year ended June 30, 2006, the District levied the following amounts per \$1,000 of assessed valuation:

<u>Fund</u>	<u>Mils</u>
General Fund - nonhomestead	18.00
Debt Retirement - all properties	1.50

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Notes to Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

**Assets, Liabilities, and Fund Balance (continued)**

**Inventory**

Inventory in the Special Revenue Fund consists of food and donated commodities (received as federal financial assistance from the U.S. Department of Agriculture (USDA), which were on hand at year-end. The commodities are valued at USDA suggested values. Inventories for commodities are recorded as revenue when received and expenditures when utilized.

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Land Improvements	20	years
Buildings and Improvements	20-50	years
Machinery and Equipment	5-20	years
Vehicles and Buses	8	years

**Accounts Receivable**

Management of the District considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been provided for. If amounts become uncollectible, they will be charged to operations in the period of uncollectibility.

**Compensated Absences**

Accumulated vacation and sick pay amounts and associated employee-related costs are accrued when earned. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.



Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Notes to Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

**Assets, Liabilities, and Fund Balance (continued)**

**Michigan Unemployment Insurance**

The District reimburses the Michigan Unemployment Insurance Agency (UIA) for the actual amount of unemployment benefits disbursed by the UIA on behalf of the District. Billings received for amounts paid by UIA through June 30 are accrued.

**Deferred Revenue**

The unexpended balance of various state categorical grants is carried forward as deferred revenue until the period in which eligible expenditures are incurred.

**Long-Term Obligations**

In the statement of net assets, the District reports long-term debt and other long-term obligations as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source, net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

**Retirement Plan**

Substantially all of the District's employees participate in the Michigan Public School Employees' Retirement System as described in Note 6.

**Interfund Transactions**

Interfund activity is reported as either loans or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

**Fund Balance**

The unreserved and undesignated fund balances for governmental funds represent the amount available for budgeting future operations.

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Notes to Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

**Use of Estimates**

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Budgets and Budgetary Policies**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue, capital projects, and debt retirement funds. All annual appropriations lapse at fiscal year end.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to June 1, the Superintendent submits to the Board of Education a proposed operating budget by function for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them and is prepared on the basis of accounting used by the particular fund.
2. A public hearing is held in June to obtain taxpayer comments.
3. Prior to July 1, the budget is adopted by the School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, or in excess of the amount appropriated. Any expenditure in violation of the budgeting act are disclosed as unfavorable variances on the combined statements of revenues, expenditures, and changes in fund balances - budget and actual - general, special revenue, capital projects, and debt retirement funds.
4. Any revisions that alter the total expenditures of any function must be approved by the Board of Education. During the year the District made budget amendments, which were not material to the original appropriation.

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Notes to Financial Statements (continued)

**2. Deposits and Investments**

At June 30, 2006, the District had the following depository accounts. The District does not have a deposit or investment policy. The book value of the District's deposits, consisting primarily of interest bearing savings and checking accounts, was \$523,219.

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 200,000
Uninsured and uncollateralized	399,978
Total	<u>\$ 599,978</u>

Custodial risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2006, \$399,978 of the District's \$599,978 Bank balance was exposed to custodial credit risk. The District has no investments other than funds placed in savings and checking accounts with high quality financial institutions.

**3. Capital Assets**

Governmental capital asset activity for the year ended June 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets:				
Land improvements	\$ 158,989	\$ —	\$ —	\$ 158,989
Buildings	1,276,586	—	156,560	1,120,026
Vehicles	208,166	26,476	15,870	218,772
Machinery and equipment	505,266	—	35,223	470,043
Subtotal	2,149,007	26,476	207,653	1,967,830
Accumulated depreciation:				
Land improvements	71,608	6,967	—	78,575
Buildings	984,440	18,170	125,248	877,362
Vehicles	180,582	12,469	15,077	177,974
Machinery and equipment	400,279	27,966	29,168	399,077
Subtotal	1,636,909	65,572	169,493	1,532,988
Capital assets, net	<u>\$ 512,098</u>	<u>\$ (39,096)</u>	<u>\$ (38,160)</u>	<u>\$ 434,842</u>

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Notes to Financial Statements (continued)

**3. Capital Assets (continued)**

Depreciation expense was charged to activities as follows:

Governmental activities:	
Instruction	\$36,253
Support services	12,469
Food services	529
Athletics	5,761
Unallocated	10,560
Total governmental activities depreciation expense	<u>\$65,572</u>

**4. Long-Term Debt**

The District issues bonds to provide for the acquisition and construction of major capital facilities and acquisition of certain equipment. Other long-term obligations include amounts due to employees under contract for payment of unused sick leave and severance benefits.

During the 1999-2000 year, the District received approval of a \$450,000 general obligation bond issue payable in installments for 8 years through 2007 for replacing the gym floor, and acquiring and installing education technology improvements.

Long-term debt at June 30, 2006 is comprised of the following:

	<u>Interest Rate</u>	<u>Maturing Through</u>	<u>Principal Outstanding</u>
1999 Bonded Debt	4.90%	2007	75,000
Accumulated sick leave and severance			47,433
Total			<u>\$122,433</u>

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2006:

	<u>Accumulated Sick Leave/ Severance</u>	<u>1976 Bonded Debt</u>	<u>1999 Bonded Debt</u>	<u>1996 Energy Improvement Bonds</u>	<u>Combined Total</u>
Outstanding July 1, 2005	\$100,227	\$100,000	\$150,000	\$ 15,000	\$365,227
Principal payments	—	(100,000)	(75,000)	(15,000)	(190,000)
Other decreases	(52,794)	—	—	—	(52,794)
Outstanding June 30, 2006	<u>\$ 47,433</u>	<u>\$ —</u>	<u>\$ 75,000</u>	<u>\$ —</u>	<u>\$122,433</u>

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Notes to Financial Statements (continued)

**4. Long-Term Debt (continued)**

The annual requirements to amortize all debts outstanding (principal and interest) as of June 30, 2006 are:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 75,000	\$3,675	\$ 78,675
Accumulated sick leave and severance	48,509		48,509
Total	<u>\$123,509</u>	<u>\$3,675</u>	<u>\$127,184</u>

**5. Interfund Balances**

Interfund receivable and payable balances between funds at June 30, 2006 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Athletic Fund	Trust and Agency Funds	8,172
		<u>\$8,172</u>

**6. Excess of Expenditures Over Amount Budgeted in Budgetary Funds**

P.A. 621 of 1978, Section 18(1) as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

During the year ended June 30, 2006, the District incurred expenditures in excess of the amounts appropriated in the General Fund:

<u>Fund</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>General Fund</b>			
Instructional Services:			
Basic Programs	\$604,128	\$611,482	\$ (7,354)
Added Needs	248,440	264,789	(16,349)
Supporting:			
Executive Administration	70,689	86,520	(15,831)
Fiscal Services	21,784	25,501	(3,627)
Employee Benefits	140,142	140,848	(706)
Pupil Transportation Services	92,146	93,284	(1,138)

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Notes to Financial Statements (continued)

**7. Employee Retirement System - Defined Benefit Plan**

Plan Description—The District contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the nine member board of the MPERS. The MPERS provides retirement benefits and post-employment benefits for health, dental, and vision. The MPERS was established by Public Act 136 of 1945 and operated under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees' Retirement System, P.O. Box 30026, Lansing, Michigan 48909 or by calling (517) 322-6000.

Funding Policy – Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Market rate interest is posted to member accounts on July 1 of each year on all MIP monies on deposit for 12 months. If a member leaves MPERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rates for the year ended June 30, 2005 were 12.99% of payroll through September 30, 2004 and 14.87% effective October 1, 2004. The contribution requirements of plan members and the District are established and may be amended by the MPERS Board of Trustees. The rates for the year ended June 30, 2006 were 14.87% of payroll through September 30, 2005 and 16.34% effective October 1, 2005. The District's contributions to MPERS for the years ended June 30, 2006, 2005, and 2004 were \$169,752, \$140,703, and \$148,687, respectively, equal to the required contribution for each year. The District is not responsible for the payment of retirement benefits as that is the responsibility of the State of Michigan.

Other Post-Employment Benefits

Under the provisions of MPERS, all retirees have the option of continuing health, dental, and vision coverage. These benefits are not included in the pension benefit obligation referred to above.

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Notes to Financial Statements (continued)

**7. Risk Management**

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. Each risk pool maintains reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any additional required special assessments.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance.

**8. Note Payable**

During the year ended June 30, 2006, the School District had a state aid note payable outstanding for \$259,000 with the Michigan Municipal Bond Authority, with a final maturity of August 19, 2006. The note payable is to be paid with the proceeds of the State Aid payment to be received in August 2006. If the state aid payment received by the School District is less than the principal and interest due on the note on August 19, 2006, the note must be paid with other sources.

## **Required Supplemental Information**



Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

General Fund  
Budgetary Comparison Schedule

Year ended June 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget (Under)/Over
	Original	Final		
<b>Revenues</b>				
Local sources	\$ 203,200	\$ 252,040	\$ 266,462	\$ 14,422
Intermediate sources	-	-	8,915	8,915
State sources	1,454,920	1,503,017	1,495,718	(7,299)
Federal sources	127,021	100,097	90,864	(9,233)
Total revenues	1,785,141	1,855,154	1,861,959	6,805
<b>Expenditures</b>				
Instructional:				
Basic programs	630,011	604,128	611,482	7,354
Added needs	276,112	248,440	264,789	16,349
Employee benefits	409,192	404,745	377,005	(27,740)
Supporting services:				
Guidance	26,637	18,132	18,132	-
Executive administration	35,074	70,689	86,520	15,831
Board of education	61,729	23,934	4,945	(18,989)
School administration	82,910	88,315	86,350	(1,965)
Fiscal services	20,458	21,874	25,501	3,627
Operations and maintenance and technology	229,266	209,096	201,098	(7,998)
Employee benefits	129,336	140,142	140,848	706
Pupil transportation services	94,893	92,146	93,284	1,138
Total expenditures	1,995,618	1,921,641	1,909,954	(11,687)
Excess (deficiency) of revenues over expenditures	(210,477)	(66,487)	(47,995)	18,492
<b>Other financing sources (uses)</b>				
Safe and drug free schools grant	-	-	1,047	1,047
Proceeds from sale of building	-	74,370	74,371	1
Outgoing transfer - debt retirement fund	(16,450)	(43,235)	(15,374)	27,861
Outgoing transfer - athletics	(56,000)	(67,380)	(73,777)	(6,397)
Outgoing transfer - hot lunch	(4,026)	(3,368)	-	3,368
Total other financing sources (uses)	(76,476)	(39,613)	(13,733)	25,880
Deficiency of revenues and other financing sources over expenditures and other financing uses	(286,953)	(106,100)	(61,728)	44,372
Fund balance at beginning of year	429,451	389,998	389,998	-
Fund balance at end of year	\$ 142,498	\$ 283,898	\$ 328,270	\$ 44,372

## **Other Supplemental Information**

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2006

	<b>Food Service Fund</b>	<b>Athletic Fund</b>	<b>Debt Service Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 2,110	\$ -	\$ 62,218	\$ 64,328
Due from other funds	-	8,172	-	8,172
Due from government	-	-	-	-
Inventory	1,740	-	-	1,740
Total assets	<u>\$ 3,850</u>	<u>\$ 8,172</u>	<u>\$ 62,218</u>	<u>\$ 74,240</u>
<b>Liabilities and fund balance</b>				
<b>Liabilities</b>				
Due to other funds	\$ 4,259	\$ -	\$ -	\$ 4,259
Total fund balances	<u>(409)</u>	<u>8,172</u>	<u>62,218</u>	<u>69,981</u>
Total liabilities and fund balances	<u>\$ 3,850</u>	<u>\$ 8,172</u>	<u>\$ 62,218</u>	<u>\$ 74,240</u>

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2006

	<b>Food Service Fund</b>	<b>Athletic Fund</b>	<b>Debt Service Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>				
Local sources	\$ 29,006	\$ 20,785	\$ 83,184	\$ 132,975
State sources	2,904	-	-	2,904
Federal sources	57,177	-	-	57,177
Total revenues	<u>89,087</u>	<u>20,785</u>	<u>83,184</u>	<u>193,056</u>
<b>Expenditures</b>				
Food services	99,454	-	-	99,454
Athletics	-	73,758	-	73,758
Debt service	-	-	201,084	201,084
Total expenditures	<u>99,454</u>	<u>73,758</u>	<u>201,084</u>	<u>374,296</u>
Excess of revenues over expenditures:	(10,367)	(52,973)	(117,900)	(181,240)
Other financing sources (uses)	<u>-</u>	<u>78,225</u>	<u>(1,089)</u>	<u>77,136</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other financing uses	(10,367)	25,252	(118,989)	(104,104)
Fund balance at beginning of year	<u>9,958</u>	<u>(17,080)</u>	<u>181,207</u>	<u>174,085</u>
Fund balance at end of year	<u>\$ (409)</u>	<u>\$ 8,172</u>	<u>\$ 62,218</u>	<u>\$ 69,981</u>

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

General Fund  
Balance Sheets

June 30, 2006  
(with comparative totals for June 30, 2005)

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Petty cash	\$ 672	\$ 672
Cash in bank - commercial accounts	11,764	11,402
Cash in bank - payroll account	15,418	15,379
Cash in bank - savings	295,763	331,399
Investment in Michigan School District Asset Fund	135,274	130,097
Due from other funds	5,335	20,804
Due from other governmental entities	272,809	355,843
Total assets	<u>\$ 737,035</u>	<u>\$ 865,596</u>
<b>Liabilities and fund balance</b>		
Accounts payable	\$ 3,804	\$ 14,751
Note payable	259,000	250,000
Accrued interest	7,542	3,914
Accrued salaries and related taxes	114,997	183,397
Insurance payable	23,422	22,115
Deferred revenue	-	1,421
Total liabilities	<u>408,765</u>	<u>475,598</u>
Fund balance	<u>328,270</u>	<u>389,998</u>
Total liabilities and fund balance	<u>\$ 737,035</u>	<u>\$ 865,596</u>

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

General Fund  
Statements of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2006  
(with comparative totals for year ended June 30, 2005)

	Budget	Actual	
		2006	2005
<b>Revenues from local sources</b>			
Current tax levy		\$ 190,131	\$ 161,628
Interest on investments		15,258	8,425
Miscellaneous		61,073	30,171
Total revenues from local sources	\$ 252,040	266,462	200,224
<b>Revenues from state sources</b>			
State school aid		1,342,158	1,440,175
Driver education		-	2,072
At risk funds		56,381	53,799
Court placed pupils		1,823	(672)
Gifted funding		(12)	34
Michigan school readiness		39,600	39,600
School lunch funds		2,906	8,387
Special education		52,699	44,319
Renaissance zone		163	197
Total revenues from state sources	1,503,017	1,495,718	1,587,911
<b>Revenue from intermediate sources</b>			
Bus driver safety		355	695
Medicaid outreach		-	637
Medicaid service coordination		8,560	5,620
Total revenue from interemediate sources	-	8,915	6,952
<b>Revenues from federal sources</b>			
Title II part D		2,438	2,748
REAP		1,568	5,276
Title I		77,360	79,977
Title V		77	3,010
Class size reduction		9,421	25,669
Class size reduction-carryover		-	7,543
Total revenues from federal sources	100,097	90,864	124,223
Total revenues	1,855,154	1,861,959	1,919,310
<b>Expenditures</b>			
Instruction	1,257,313	1,253,276	1,283,520
Supporting services	664,328	656,678	700,354
Total expenditures	1,921,641	1,909,954	1,983,874
Excess of expenditures over revenues	(66,487)	(47,995)	(64,564)
<b>Other financing sources (uses)</b>			
Proceeds from sale of building	74,370	74,371	-
Safe and drug free schools grant (transfer from Tuscola ISD)	-	1,047	-
Outgoing transfer - food service	(3,368)	-	(23,406)
Outgoing transfer - athletics	(67,380)	(73,777)	(8,792)
Incoming transfer - 76 debt retirement	-	-	675
Outgoing transfer - energy conservation debt retirement	(16,175)	(15,374)	(17,005)
Outgoing transfer - 99 debt retirement	(27,060)	-	(275)
Total financing sources	(39,613)	(13,733)	(48,803)
Excess of expenditures and other financing uses over revenues and other financial sources	(106,100)	(61,728)	(113,367)
Fund balance at beginning of year	389,998	389,998	503,365
Fund balance at end of year	\$ 283,898	\$ 328,270	\$ 389,998

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

General Fund  
Detail of Expenditures and Other Financing Uses

Year ended June 30, 2006  
(with comparative totals for year ended June 30, 2005)

		Actual	
	Budget	2006	2005
<b>Instruction</b>			
Basic programs:			
Elementary grades:			
Salaries - teachers		\$ 207,102	\$ 229,465
Salaries - substitute teachers		4,242	4,416
Early retirement incentive		8,882	6,841
Instructional services		5,779	899
Teaching supplies		5,562	4,568
Textbooks		5,000	-
Audio-visual		-	637
Curriculum committee expense		1,743	1,291
Capital outlay		184	-
Miscellaneous supplies and expense		1,081	461
Total elementary grades	\$ 237,494	239,575	248,578
Secondary grades:			
Salaries - teachers		311,398	336,750
Salary - athletics and extra curricular		2,086	-
Salaries - substitute teachers		23,231	6,896
Salaries - drivers education		3,548	2,884
Travel		-	47
Technology supplies		80	-
Teaching supplies		2,741	1,246
Band supplies		3,050	2,361
Textbooks		2,636	1,388
HS board paid TSA		-	4,859
Periodicals		196	496
Professional extra curricular		8,416	14,548
Early retirement incentives		8,600	6,850
HS dual enrollment tuition		2,080	5,500
Equipment purchases		101	1,328
Instructional dues and fees		286	991
Audio-visual		236	-
Title V		62	2,547
Title VI		-	674
Curriculum committee expense		1,743	1,291
Miscellaneous supplies and expense		1,417	56
Total secondary grades	366,634	371,907	390,712
Total basic programs	604,128	611,482	639,290
Added needs:			
Special Education:			
Salaries - teachers		81,965	91,014
Salaries - substitute teachers		16,719	6,466
Service coordination		4,666	3,437
Teaching supplies		7,846	3,396
Total special education	93,756	111,196	104,313

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

General Fund  
Detail of Expenditures and Other Financing Uses (continued)

Year ended June 30, 2006  
(with comparative totals for year ended June 30, 2005)

	<u>Budget</u>	<u>Actual</u>	
		<u>2006</u>	<u>2005</u>
<b>Instruction (continued)</b>			
Added needs (continued):			
Compensatory education:			
Salary - teachers		\$ 41,876	\$ 45,188
Salary - aides and secretary		16,881	12,569
Workshops and conferences		1,079	1,004
Teaching supplies		834	620
Total compensatory education	\$ 62,995	60,670	59,381
Preschool	38,016	32,976	38,541
Class size reduction:			
Salary		1,636	-
Other		8,827	(174)
Total class size reduction	-	10,463	(174)
At-risk:			
Salaries		44,858	45,200
Teaching supplies		953	-
Miscellaneous		-	810
Total at-risk	45,845	45,811	46,010
REAP:			
Professional development	7,828	3,673	5,276
Total added needs	248,440	264,789	253,347
Employee benefits	404,745	377,005	390,883
Total instruction	1,257,313	1,253,276	1,283,520
<b>Supporting services</b>			
Guidance:			
Salary - counselor		17,684	20,703
Supplies		448	2,770
Travel		-	-
Total guidance	18,132	18,132	23,473
Board of education:			
Salaries		4,095	5,400
Workshops		850	5,390
Total board of education	23,934	4,945	10,790
Executive administration:			
Salary - superintendent		45,951	63,180
Salary - clerical		14,026	19,499
TSA fringe - superintendent		-	10,000
Legal		6,353	11,198
Audit		10,567	13,700
Elections		-	1,354



Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

General Fund  
Detail of Expenditures and Other Financing Uses (continued)

Year ended June 30, 2006  
(with comparative totals for year ended June 30, 2005)

	Budget	Actual	
		2006	2005
<b>Supporting services (continued)</b>			
Executive administration (continued):			
Membership dues		\$ -	\$ 4,921
Consulting services		2,500	460
Telephone		1,453	308
Travel		975	3,640
Printing and publication		1,202	1,654
Supplies		1,406	1,325
Conferences and workshops		8	180
Dues and fees		1,368	2,300
Miscellaneous expense		711	733
Total executive administration	\$ 70,689	86,520	134,452
School administration:			
Salaries - principals		39,877	12,107
Salaries - clerical		38,921	51,133
Other technology services		300	100
Telephone		2,594	1,982
Supplies		2,861	4,391
Miscellaneous		80	64
Equipment		1,617	624
Membership dues		100	-
Total school administration	88,315	86,350	70,401
Fiscal services:			
Workmen's compensation insurance		-	492
Bookkeeper		17,422	12,754
Telephone		-	197
Office supply		-	296
Insurance - errors and omissions		3,058	3,595
Insurance - bond and other		1,293	1,211
Taxes abated and written off		-	233
Interest on state aid loan		3,628	3,914
Miscellaneous expense		100	(575)
Total fiscal services	21,874	25,501	22,117
Operation and maintenance of plant:			
Salaries - custodians		56,885	74,823
Travel		62	87
Professional services		-	201
Workmen's compensation insurance		-	103
Telephone		674	(427)
Heating fuel		30,446	33,967
Conferences		-	75
Electricity		35,194	40,213

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

General Fund  
Detail of Expenditures and Other Financing Uses (continued)

Year ended June 30, 2006  
(with comparative totals for year ended June 30, 2005)

	<u>Budget</u>	<u>Actual</u>	
		<u>2006</u>	<u>2005</u>
<b>Supporting services (continued)</b>			
Operation and maintenance of plant (continued):			
Water and sewage		\$ 6,169	\$ 4,963
Other utility services		6,100	4,580
Operations - vehicle		238	297
Trash disposal		1,421	3,256
Insurance - property		11,225	13,539
Repairs and maintenance		22,726	24,586
Computer and technology repairs		6,768	21,781
Supplies		4,546	8,397
Capital outlay		18,354	7,752
Miscellaneous expense		290	1,157
Total operation and maintenance of plant	\$ 201,096	201,098	239,350
Urgent school repairs grant	-	-	-
Pupil transportation services:			
Salaries - drivers and director		39,900	39,786
Salaries - secretary		5,343	3,413
Travel		416	951
Contracted carrier		2,819	3,213
Pupil transport			-
Insurance		2,978	2,861
Gasoline, oil, and grease		17,384	12,508
Tires, tubes, and batteries		452	1,974
Vehicle repair parts		16,067	17,335
Telephone		286	360
Capital outlay		6,563	8,613
Miscellaneous expense		1,076	874
Total pupil transportation services	92,146	93,284	91,888
Technology	8,000	-	-
Employee benefits	140,142	140,848	107,883
Total supporting services	664,328	656,678	700,354
Total expenditures	1,921,641	1,909,954	1,983,874
<b>Other financing uses</b>			
Outgoing transfers - 99 debt retirement fund	27,060	-	275
Outgoing transfers - energy conservation	16,175	15,374	16,330
Outgoing transfers - athletics	67,380	73,777	8,792
Outgoing transfers - food service	3,368	-	23,406
Total other financing uses	113,983	89,151	48,803
Total expenditures and other financing uses	<u>\$ 2,035,624</u>	<u>\$ 1,999,105</u>	<u>\$ 2,032,677</u>

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan  
Special Revenue - Food Service Fund  
Balance Sheets

June 30, 2006  
(with comparative totals for June 30, 2005)

	Actual	
	2006	2005
<b>Assets</b>		
Cash in bank - food service commercial account	\$ 2,110	\$ 8,470
Inventory	1,740	1,488
Total assets	<u>\$ 3,850</u>	<u>\$ 9,958</u>
<b>Liabilities and fund balance</b>		
Due to general fund	\$ 4,259	\$ -
Fund balance	(409)	9,958
Total liabilities and fund balance	<u>\$ 3,850</u>	<u>\$ 9,958</u>

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan  
Special Revenue - Athletic Fund  
Balance Sheets

June 30, 2006  
(with comparative totals for June 30, 2005)

	Actual	
	2006	2005
<b>Assets</b>		
Due from trust and agency fund	\$ 8,172	\$ 3,724
Total assets	<u>\$ 8,172</u>	<u>\$ 3,724</u>
<b>Liabilities and fund balance</b>		
Due to general fund	\$ -	\$ 20,804
Fund balance	8,172	(17,080)
Total liabilities and fund balance	<u>\$ 8,172</u>	<u>\$ 3,724</u>

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan  
Special Revenue - Food Service Fund  
Statements of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2006  
(with comparative totals for year ended June 30, 2005)

Revenues	Budget	Actual	
		2006	2005
Revenues from local sources (food service):			
Sales of student lunches and breakfasts	\$ 19,584	\$ 19,549	\$ 18,479
Sales of adult lunches and breakfasts	3,581	3,581	3,491
Snack sales	5,738	5,738	6,090
Interest	11	11	15
Miscellaneous	213	127	
Total revenues from local sources	29,127	29,006	28,075
Revenues from state sources	2,904	2,904	7,893
Revenues from federal sources:			
National school lunch aid	48,354	48,354	50,591
National school commodity revenue	8,000	8,823	8,015
Total revenues from federal sources	56,354	57,177	58,606
Revenues from principals	-	-	543
Revenues from school board	-	-	591
Total revenues	88,385	89,087	95,708
<b>Expenditures</b>			
Food service:			
Salaries	38,937	38,916	35,640
Food and milk	39,629	48,200	37,644
Employee benefits	9,271	9,271	7,976
Supplies and other costs	2,577	3,067	1,581
Total expenditures	90,414	99,454	82,841
Principals	-	-	817
School board	-	-	577
Total expenditures	90,414	99,454	84,235
Excess of expenditures (over) under revenues	(2,029)	(10,367)	11,473
Other financing sources (uses):			
Operating transfers in - general fund	-	-	26,595
Excess of revenues over expenditures (expenditures over revenues) and other financing sources	(2,029)	(10,367)	38,068
Fund balance at beginning of year	9,958	9,958	(28,110)
Fund balance at end of year	\$ 7,929	\$ (409)	\$ 9,958

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Special Revenue - Athletic Fund  
Statements of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2006  
(with comparative totals for year ended June 30, 2005)

Revenues	Budget	Actual	
		2006	2005
Athletic revenues	\$ 20,786	\$ 20,785	\$ 16,023
<b>Expenditures</b>			
Athletic expenditures	72,569	73,758	68,167
Excess of expenditures over revenues	(51,783)	(52,973)	(52,144)
Other financing sources (uses):			
Operating transfer in - trust and agency fund	-	4,448	-
Operating transfer in - general fund	70,748	73,777	-
	70,748	78,225	-
Excess of expenditures (over) under revenues and other financing sources	18,965	25,252	(52,144)
Fund balance at beginning of year	(17,080)	(17,080)	35,064
Fund balance at end of year	<u>\$ 1,885</u>	<u>\$ 8,172</u>	<u>\$ (17,080)</u>

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Debt Retirement Funds  
Combining Balance Sheets

June 30, 2006  
(with comparative totals for June 30, 2005)

	Actual	
	2006	2005
<b>Assets</b>		
Cash in bank - commercial accounts	\$ 62,218	\$ 170,887
Taxes receivable		10,320
Total assets	<u>\$ 62,218</u>	<u>\$ 181,207</u>
<b>Liabilities and fund balance</b>		
Total fund balance	<u>\$ 62,218</u>	<u>\$ 181,207</u>

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Debt Retirement Funds  
Combining Statements of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2006  
(with comparative totals for year ended June 30, 2005)

	Budget	1976 Issue	1996 Energy Conservation Bonds	1999 Issue	Actual	
					2006	2005
<b>Revenues from local sources</b>						
Current tax levy	\$ 84,206			\$ 76,017	\$ 76,017	\$ 84,080
Interest on investments	296	\$ 296			296	1,741
Delinquent taxes	-			6,871	6,871	-
Total revenues	84,502	296	\$ -	82,888	83,184	85,821
<b>Expenditures</b>						
Debt service:						
Redemption of bonds	190,000	100,000	15,000	75,000	190,000	80,000
Interest on bonded debt	10,978	2,900		7,275	10,175	14,835
Paying agent's fees	880	232	402	275	909	213
Total expenditures	201,858	103,132	15,402	82,550	201,084	95,048
Excess of revenues over (under) expenditures	(117,356)	(102,836)	(15,402)	338	(117,900)	(9,227)
Other financing sources (uses):						
Incoming transfer - general fund	14,858		15,374		15,374	
Outgoing transfer - debt	(16,491)	(16,463)			(16,463)	16,605
Total other financing sources (uses)	(1,633)	(16,463)	15,374		(1,089)	16,605
Excess of revenues and other financing sources over (under) expenditures	(118,989)	(119,299)	(28)	338	(118,989)	7,378
Fund balance at beginning of year	181,207	119,299	28	61,880	181,207	173,829
Fund balance at end of year	\$ 62,218	\$ -	\$ -	\$ 62,218	\$ 62,218	\$ 181,207

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Internal Accounts  
Summary of Cash Receipts and Cash Disbursements

Year ended June 30, 2006

	<u>Balance</u> <u>June 30, 2005</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2006</u>
<b>Special revenue funds</b>				
Athletics	\$ 1,662.45	\$ 19,499.65	\$ 12,989.78	\$ 8,172.32
Bookstore	320.74		320.74	
Owendale School Board	1,815.07		1,815.07	
Principals	(74.21)	74.21		
<b>Total special revenue funds</b>	<u>\$ 3,724.05</u>	<u>\$ 19,573.86</u>	<u>\$ 15,125.59</u>	<u>\$ 8,172.32</u>
<b>All other student groups</b>				
Class of 2005	\$ (166.00)	\$ 166.00		\$ -
Class of 2006	6,262.88	1,798.57	\$ 6,377.74	1,683.71
Class of 2007	3,025.66	11,737.87	10,846.22	3,917.31
Class of 2008	917.53	2,390.16	482.61	2,825.08
Class of 2009	1,322.80	618.30	136.06	1,805.04
Class of 2010	530.26	792.45	360.00	962.71
Class of 2011	94.50	231.30		325.80
Class of 2012		125.50		125.50
Class of 2005 - quilt	16.37			16.37
Business Professionals of America	(3.85)			(3.85)
Elementary	1,811.70	11,777.28	8,706.05	4,882.93
Band	4,063.78	10,556.16	12,911.42	1,708.52
Athletic donations	1,365.53		920.81	444.72
Cheerleading	75.41	1,482.67	1,540.41	17.67
Spanish club	83.30	100.00	32.88	150.42
Miscellaneous	(135.59)	16,048.78	7,865.17	8,048.02
Interest	379.03	56.45		435.48
Yearbook	560.26	8,823.49	6,169.67	3,214.08
Student council	147.50	710.00	1,044.44	(186.94)
Drama	1,862.52		173.50	1,689.02
RR store account	(305.63)	37.00		(268.63)
National honor society	90.50	508.89	542.43	56.96
<b>Total all other student groups</b>	<u>\$ 21,998.46</u>	<u>\$ 67,960.87</u>	<u>\$ 58,109.41</u>	<u>\$ 31,849.92</u>



Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Internal Accounts  
Recap by Fund

Year ended June 30, 2006

	<b>Balance June 30, 2005</b>	<b>Cash Receipts</b>	<b>Cash Disbursements</b>	<b>Balance June 30, 2006</b>
<b>Special Revenue Funds</b>				
Athletics	\$ 1,662.45	\$ 19,499.65	\$ 12,989.78	\$ 8,172.32
Bookstore	320.74		320.74	-
Owendale School Board	1,815.07		1,815.07	-
Principals	(74.21)	74.21		-
Total special revenue funds	<u>\$ 3,724.05</u>	<u>\$ 19,573.86</u>	<u>\$ 15,125.59</u>	<u>\$ 8,172.32</u>
<b>Trust and Agency Funds</b>				
All other	<u>\$ 21,998.46</u>	<u>\$ 67,960.87</u>	<u>\$ 58,109.41</u>	<u>\$ 31,849.92</u>

Owendale-Gagetown Area School District  
Huron and Tuscola Counties, Michigan

Schedule of 1999 Bonded Debt

June 30, 2006

Purpose of issue: Replacing the gym floor; and acquiring and installing educational technology improvements.

<u>Bond Numbers</u>	<u>Due Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest Due</u>	<u>Payment Due</u>
	11-01-2006	-		\$ 1,837.50	\$ 1,837.50
1	05-01-2007	\$ 75,000.00	4.90%	1,837.50	76,837.50
		<u>\$ 75,000.00</u>		<u>\$ 3,675.00</u>	<u>\$ 78,675.00</u>

Bonds are not subject to redemption prior to maturity.